2019 Key Channel Trends

IPED® Consulting

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Today’s Conversation

- IoT

- Application Development

- Cloud

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IOT

What to watch for in IoT in 2019

1. Market Ready solutions have potential to open up IoT market to more solution providers

2. IoT vendor landscaping is changing and some entrants have the potential to changing the game

3. Partnering with other partners (formal and field based) will continue to be a critical success factor

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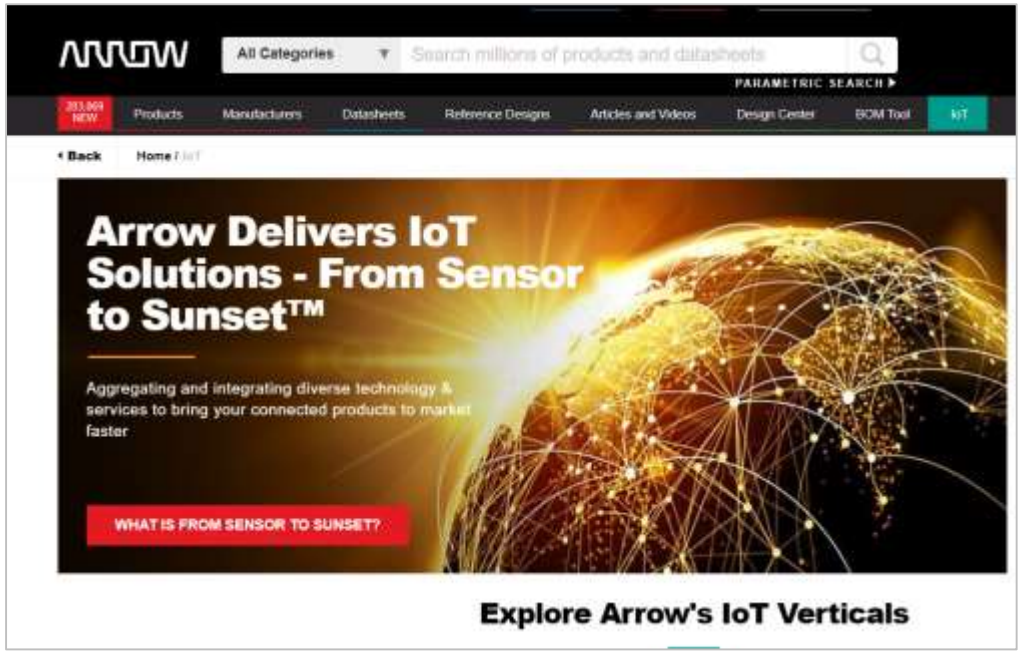
1: Market Ready solutions have potential to open up IoT market to more solution providers

intel

Deploy Tomorrow, Today
Get ahead of the curve and accelerate time to market.
Intel® IoT Market Ready Solutions



2018

16%

of solution providers have completed one or more digital transformation engagements

2019

22%

of solution providers have completed one or more digital transformation engagements

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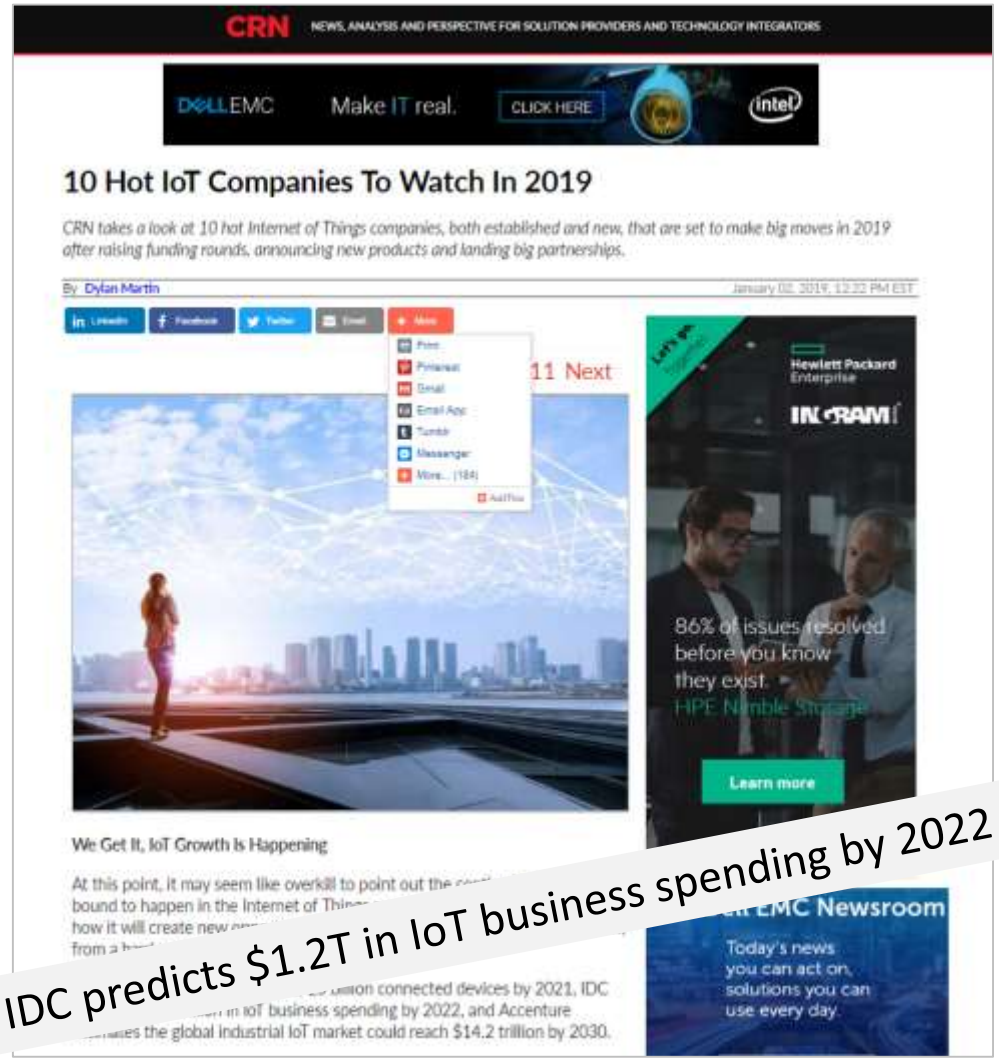
IoT vendor landscaping is changing and some entrants have the potential to change the game



IDC predicts $1.2T in IoT business spending by 2022

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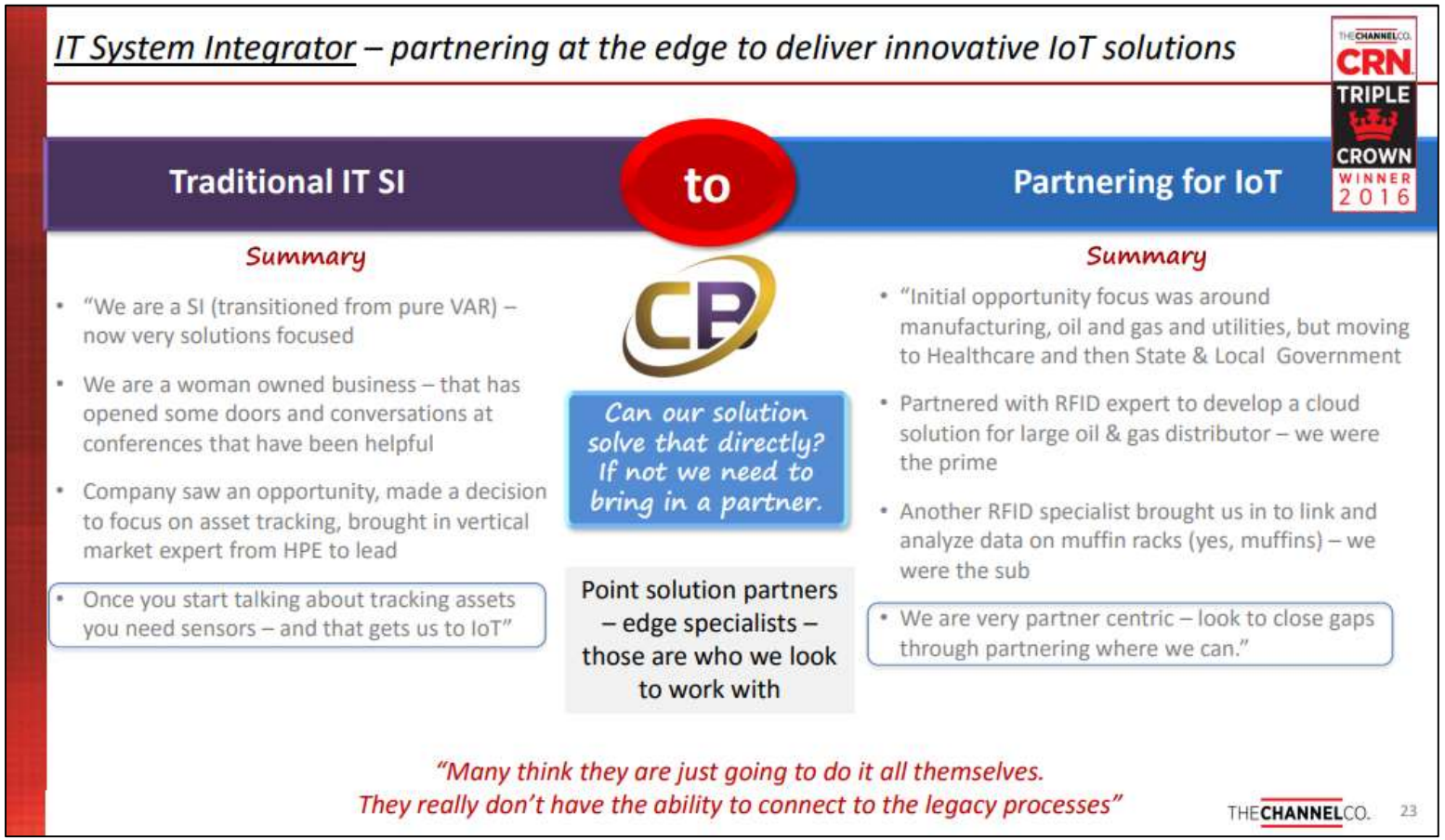
Partnering with other partners (formal and field based) will continue to be a critical success factor

IoT Critical Success Factors

Key OT IoT Skills:

- Relationships with key IoT Biz Decision Makers
- Custom App Development Skills
- Vertical Market Biz Process Consultants
- Advanced Edge Security Skills



"…strategically partnering with other companies…. Small lighting opportunity…that leads to more IT (and other OT) solutions that we can be involved in.."

IT SI in Houston (BTW.. Got initial leads on who to part with from Cisco

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Supplier Considerations …. So what should you do about this?

Vendors should …

1. Be able to effectively articulate how your offerings fit into cross vendor solutions (remember the partner business value proposition)

2. Continue to develop and enhance partner to partner engagement models

3. As individuals, start to understand the new up and coming vendors community

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APPLICATION DEVELOPMENT

Importance of Application Development skills in the channel?

1. More and more solution providers have realized that application development skills is a key differentiator…..*investment will continue*

2. "low code / no code" solutions should continue adoption because they put less pressure on need for highly trained developer skills…*still nascent, but could change the game*

3. Application development is a core component in many IoT and or digital transformation initiatives… *difficult to compete without some capabilities today*

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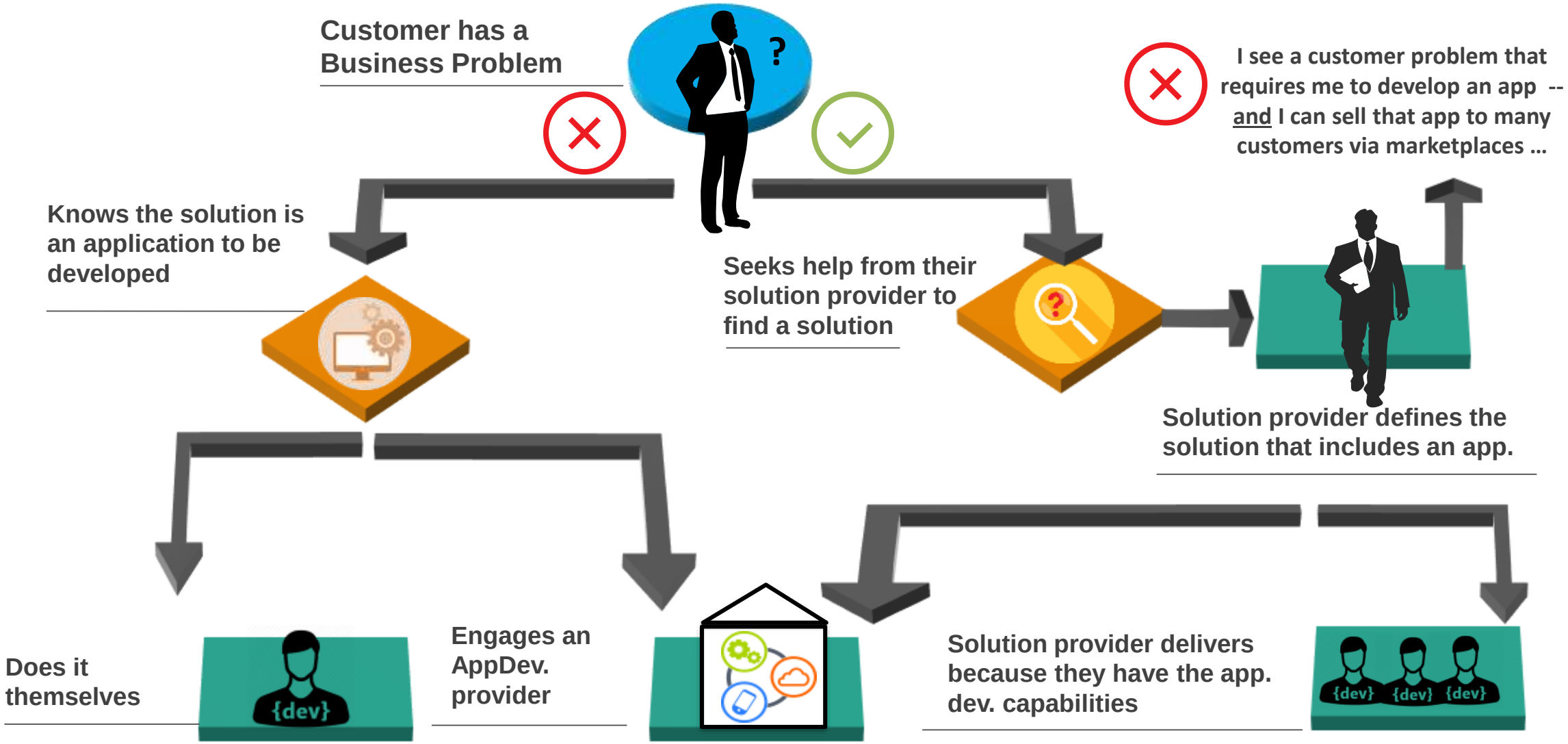
Primary Customer Scenario: Solution Providers with App. Dev. Capabilities



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Note: This perspective is not intended to state that this scenario does not exists nor not important. This slide is intended to represent what was the primary customer motion from the majority of the solution providers included in this study.

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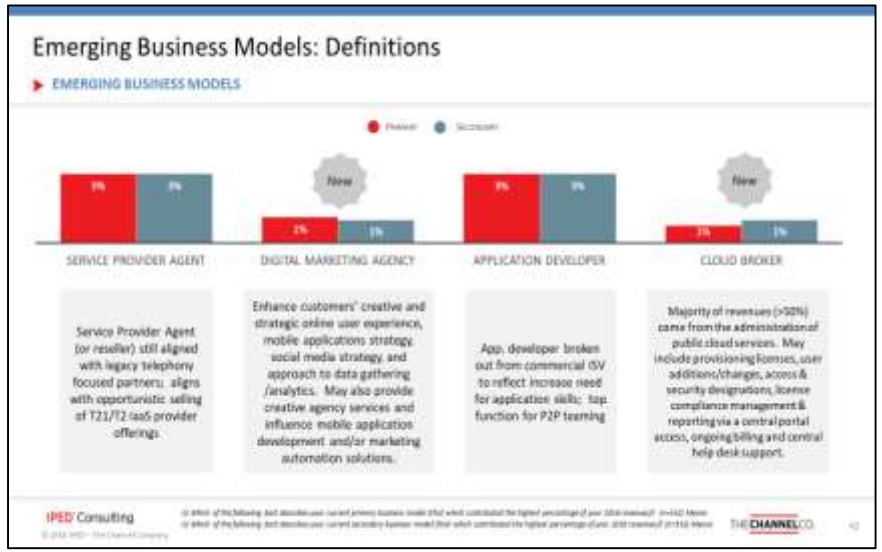
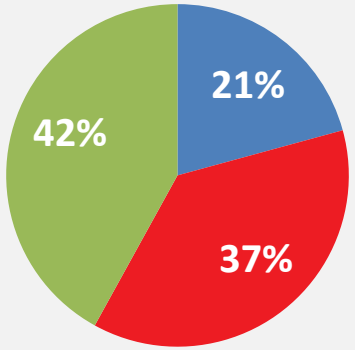
How Many Solution Providers Have an Application Development Practice?

Our data says….



LENGTH OF TIME WITH APPLICATION DEVELOPMENT PRACTICE



THECHANNELCO. CRN SOLUTION PROVIDER 500

Still a small part of the community have an application development practice

- **~28%** claim to have an application development practice of some kind
- **~6%** stated as their primary or secondary business model

Most have had an application development practice for over 5 years (**79%**)

New market entrants (< 5 years) are not necessarily new companies

- Average company age = **16 years**

Application Development practices within the CRN Solution Provider 500

- 2014 – **32%**
- 2017 – **43%**

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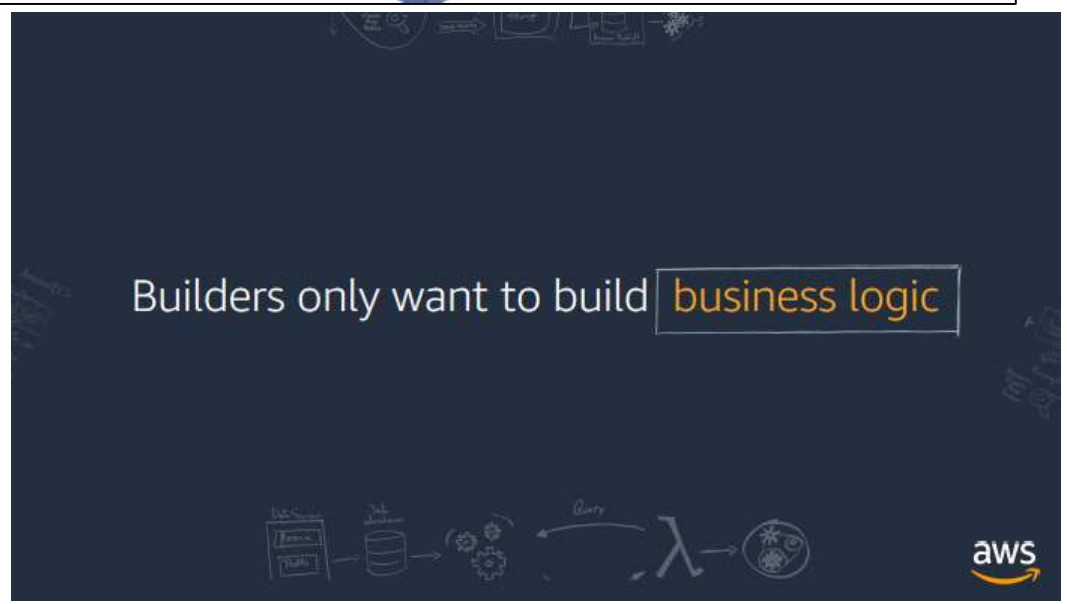
“low code / no code” solutions should continue adoption because they put less pressure on need for highly trained developer skills…

still nascent, but could change the game

A report from research firm Research and Markets published in early 2018 predicted that the global low-code development platform market will grow from $4.32 billion in 2017 to $27.23 billion by 2022, a compound annual growth rate (CAGR) of 44% during the forecast period.



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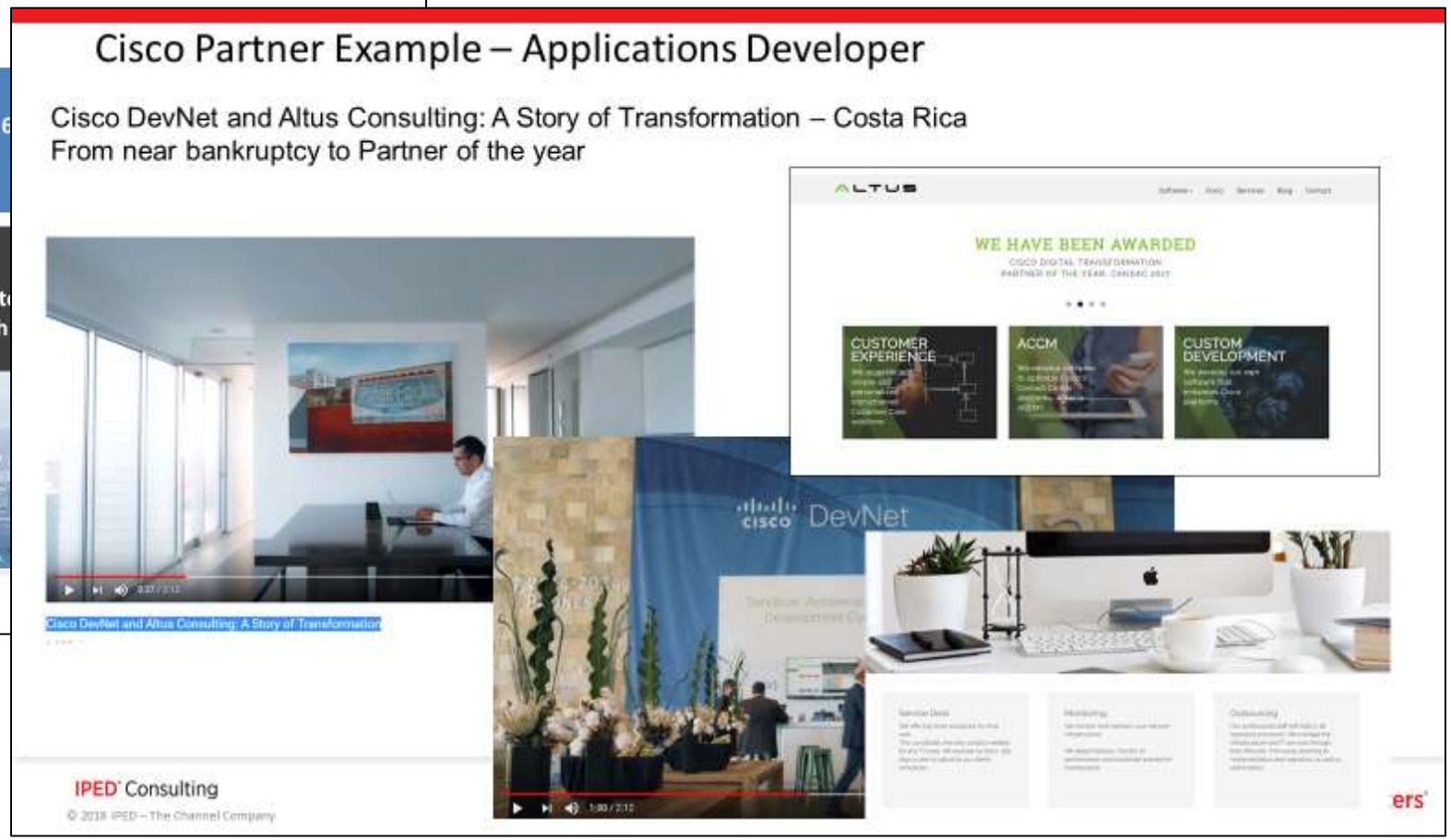
Application development is a core component in many IoT and or digital transformation initiatives…

difficult to compete without some capabilities today



As of mid-2018, Cisco DevNet Hits 500,000 Members

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Partner Perspective

Phillip Walker
CEO
Network Solutions Provider

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Supplier Considerations …. So what should you do about this?

Vendors should …

1. ensure channel partner programs are closely linked to developer programs.

2. add application development to partner profile for 3rd pillar SSP-Next Gen partner criteria; partners without capabilities may be limited in their "solutions focused" delivery

3. consider developing (or improving) and actively promote P2P programs that could provide skilled development resources to existing partner base

4. ensure application development value proposition is geared around "customer engagements" in addition to marketplace GTM

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CLOUD

Partner Perspective

Cumulus Global

Allen Falcon
Chief Executive Officer
& Pragmatic Cloud Evangelist

Cloud-native solution provider, catering to SMB customers looking to leverage the cloud for IT business value:

- 60% of revenues from services
- 75% of services are recurring
- Early adopter of two major cloud platforms

Microsoft Azure

Google Cloud Platform

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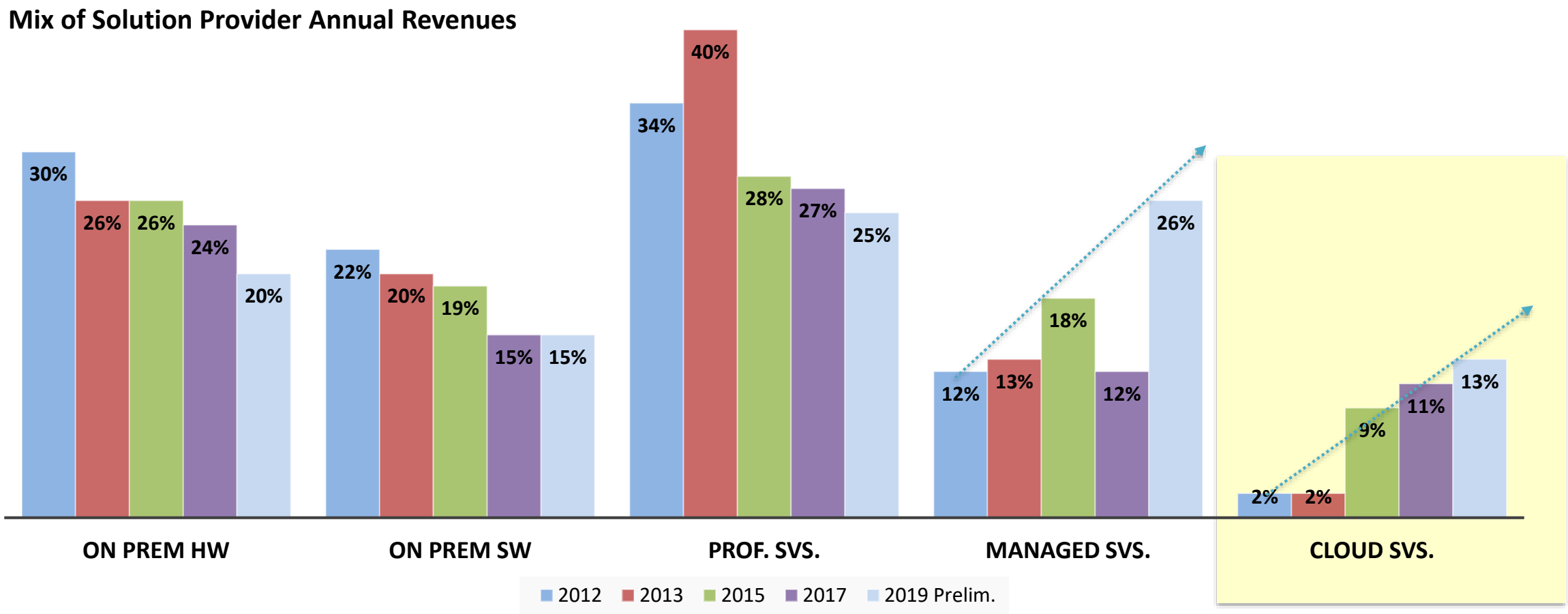
Cloud Quickly Becoming a Meaningful Revenue Stream for Solution Providers



Source: IPED Annual Census (2013, 2014, 2016, 2017, 2019 Prelim.)

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State of Cloud Adoption

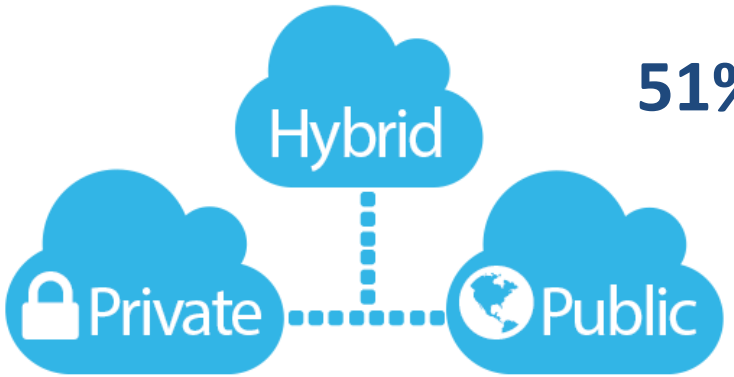
Multi-cloud strategy

81% Enterprise

64% SMB

3.1 clouds + 1.7 experimenting = **4.8 clouds**

Hybrid Cloud Adoption



51% Enterprise

31% SMB

Cloud Spending

Plans to increase public cloud spend **>20%**

71% Enterprise

62% SMB

amazon web services

Azure

Google Cloud Platform

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Source: RightScale 2018 State of the Cloud Report

Trend #1: Multi-Cloud and Hybrid IT Environments Now Defacto

MULTI-CLOUD STRATEGY

81% Enterprise

64% SMB

(3.1 clouds + 1.7 experimenting = 4.8 clouds)

1. **Services Growth -** Drives both Professional Svs. and Managed Svs.

2. Growth in channel public cloud providers' **channel communities**

3. **Next Gen. skills -** Modernize application layer (Containers/Kubernetes)

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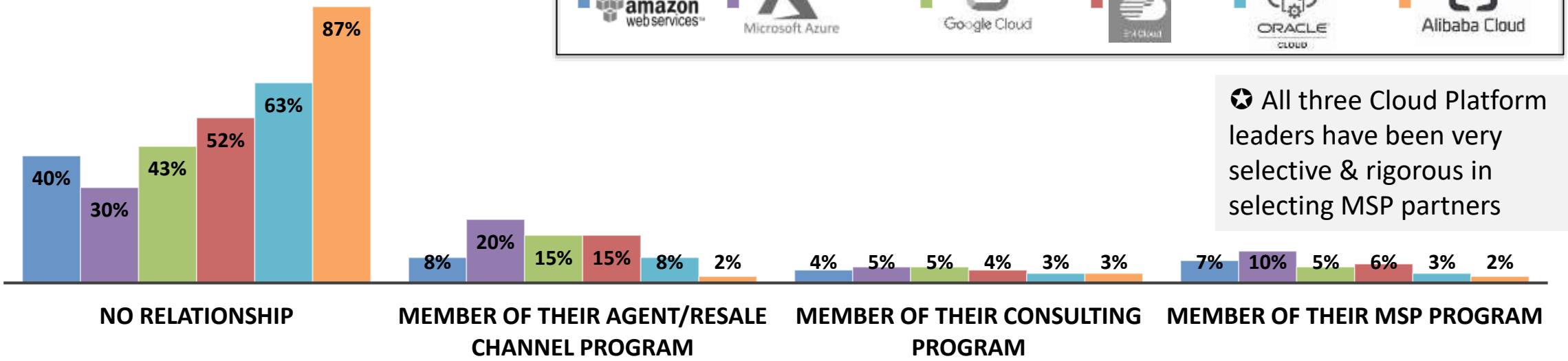
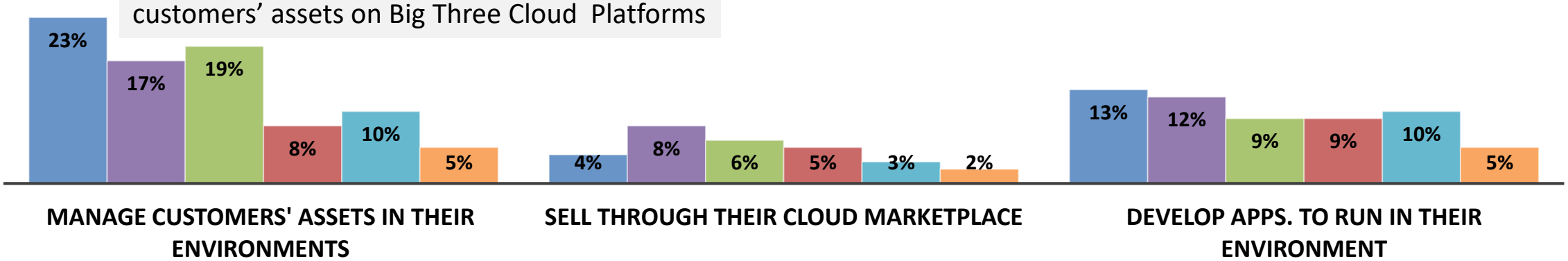
Growth in Public Cloud Channel Communities

✪ In 2015, 65% of SPs had no relationship with a leading IaaS/cloud provider



✪ All three Cloud Platform leaders have been very selective & rigorous in selecting MSP partners

✪ ~ 20% of respondents are managing customers' assets on Big Three Cloud Platforms



Source: IPED, 2019 Channel Census (Prelim.)

Q: What is your company's current relationship with these categories of tier one Infrastructure as a Service (Iaas) cloud platform organizations? Please select one relationship type for each (N-230)

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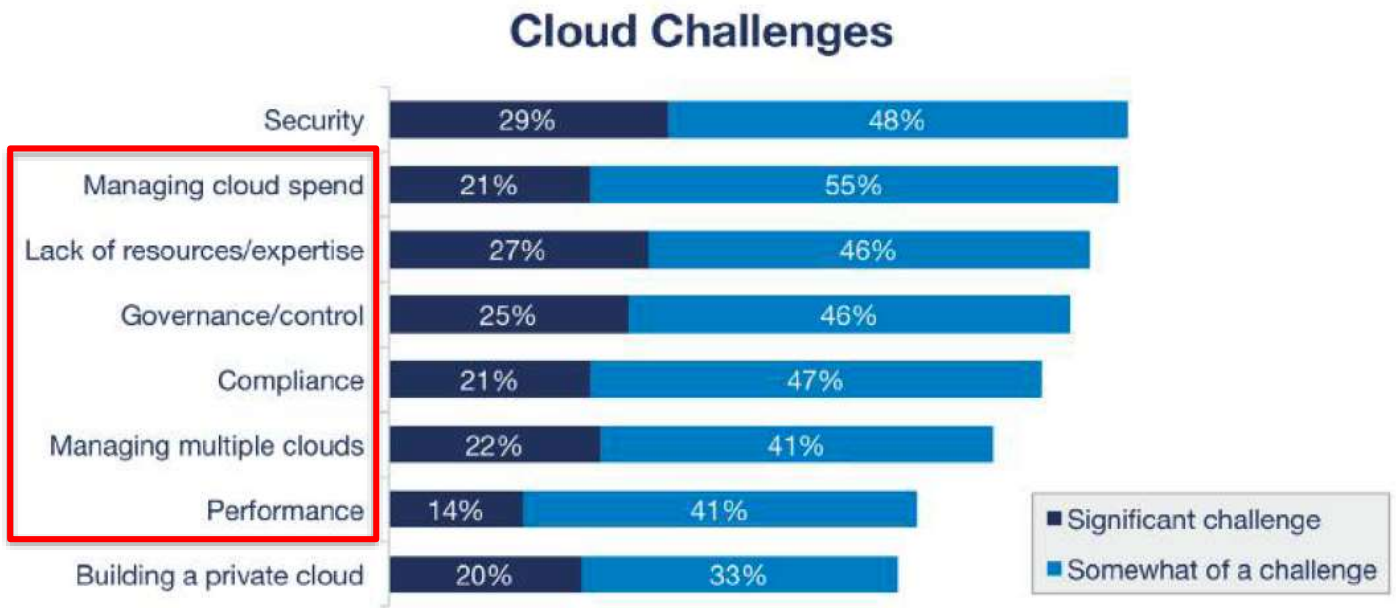
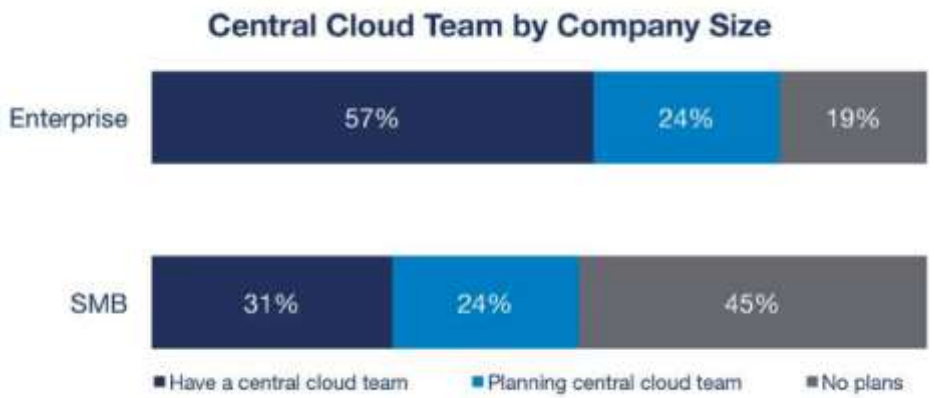
Trend #2: Shift to Cloud Management, Adoption and Cost Containment

Points to need for increased cloud asset, cost and utilization management



Centralized cloud team or a "Center of Excellence" to increase adoption and controls & reduce costs



Source: RightScale 2018 State of the Cloud Report

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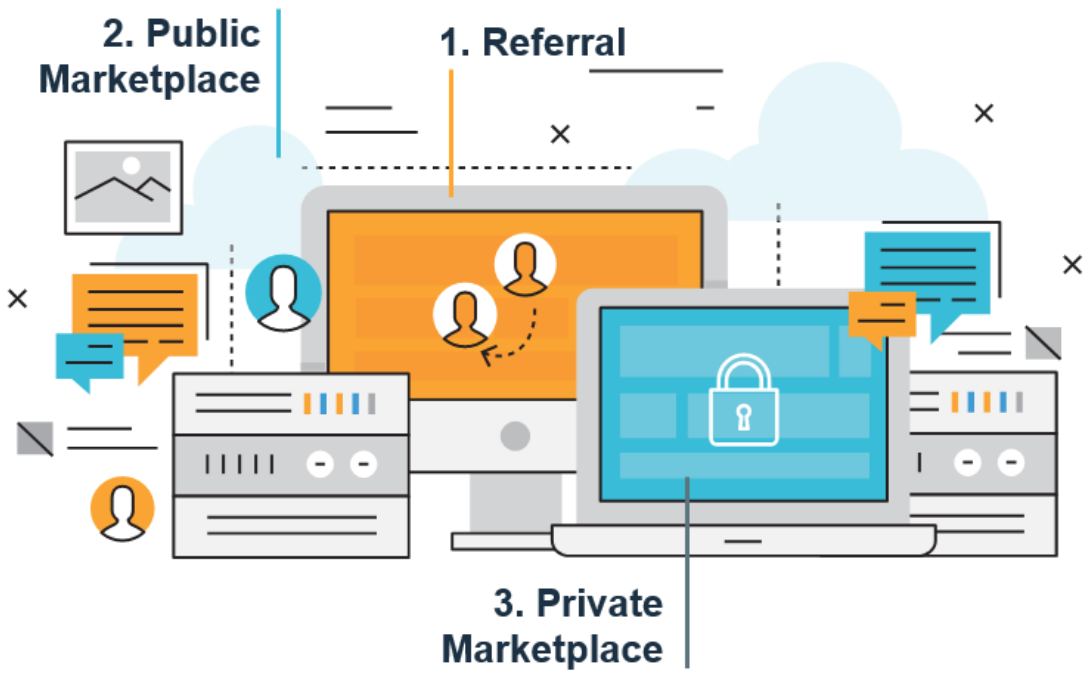
Trend #3: Cloud Marketplaces Gaining Momentum



- ✓ **Consulting Partner Private Offers**
- ✓ **Buy on Behalf Of Customers – Resale Incentives**

1. Marketplaces are forcing traditional solution providers to build repeatable services & be able to convert from trial service to ongoing MRR contract

awsmarketplace

1,400 participating ISVs and 4,200 products

Windows Azure Marketplace

>7500 services Access by >95% of F500 companies

2. Unclear on Marketplace value for end-user fulfillment efficiency vs. demand generation; vendors will need to help partners leverage their presence there as a new RTM/marketing opportunity

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Breadth of Services in Azure Marketplace: Consulting Services

Azure Marketplace | Apps | Consulting Services | Search Marketplace

Solution Areas

- **Get Started**
- Analytics
- App Modernization
- Archive
- Artificial Intelligence
- Backup
- Big Data
- Data Platform
- Datacenter Management
- DevOps
- Disaster Recovery
- Identity
- Migration
- Networking
- Security
- Storage

Industries: All | Service Types: Assessment | Pricing Model: All | Country/Region: All | Reset filters

Consulting services results (146)

Blockchain for Enterprise: 10-Day Assessment
By Altoros
App Modernization | Networking | Security
$5,000
Contact Me

Infrastructure Capacity: 4-Day Assessment
By Altoros
Data Platform | DevOps | Migration
$10,000 (estimated)
Contact Me

Migration to Azure Cosmos DB: 10-Day Assessment
By Altoros
Big Data | Data Platform | Datacenter Mana...
Free
Contact Me

Application Portfolio Evaluation: 2-Wk Assessment
By Altoros
Data Platform | DevOps | Migration
$15,000 (estimated)
Contact Me

Cloud Architecture: 4-Week Assessment
By Agitare Technologies, Inc.
App Modernization | Networking | Storage
$3,000
Contact Me

Cloud Workload Cybersecurity: 3-Wk Assessment
By Cloudneeti
Datacenter Management | Migration | Secu...
$16,000 (estimated)
Contact Me

Azure Cloud Readiness: 2-Day Assessment
By Merit Solutions
App Modernization | Datacenter Managem...
$2,500
Contact Me

Cloud Strategy Engagement: 3 Day Assessment
By Synergy Technical
Datacenter Management | Disaster Recover...
$5,000
Contact Me

Azure Data Maturity: 3-Week Assessment
By Decisive Data
Analytics | Big Data | Data Platform
$19,500
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Azure Cloud Readiness: 2-Day Assessment (Remote)
By Merit Solutions
App Modernization | Datacenter Managem...
$1,500
Contact Me

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Supplier Considerations …. So what should you do about this?

1. **Channel Training & Certifications** – must shift from "why" to "how" around hybrid IT and multi-cloud management skills
   - pre-sales architecture & consulting
   - data migration strategies
   - ongoing MSP management skills

2. **Cloud Platform Alliances** – must declare your collaboration with cloud platforms, at the channel program, requirements and support level

3. **Foster Sharing** - help partners benchmark their growing practices; cultivate sharing among emerging cloud & managed service providers

4. **Build a Referral Process** - More partners will look like influencers; find a way to capture their influence & reward it

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For More Information Contact:

Lisa Sabourin
Director of Engagements
C 561.339.5517
lsabourin@thechannelco.com

The Channel Company
thechannelco.com

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